



# **STATE MINING AND GEOLOGY BOARD**

## **EXECUTIVE OFFICER'S REPORT**



ARNOLD  
SCHWARZENEGGER  
GOVERNOR

**For Meeting Date: March 13, 2008**

**Agenda Item No. 6: Acceptance of the Annual Fee Schedule for Mines Subject to the Surface Mining and Reclamation Act (SMARA; Public Resources Code Sections 2710 et seq. and 2207).**

**INTRODUCTION:** Public Resources Code (PRC) Section 2207(d) requires the State Mining and Geology Board (SMGB) to impose, by regulation, an annual reporting fee on each active and idle surface mining operation. Active and idle surface mining operations are defined in PRC Sections 2207(f), 2714, 2727.1, 2735, and Title 14 California Code of Regulations (CCR) Section 3501, and include operations conducted by public agencies. PRC Section 2207(d) also states the annual fee imposed shall not be less than \$100 or more than \$4,000 for each operation. These amounts shall be adjusted for cost of living as measured by the California Consumer Price Index.

**REGULATORY AUTHORITY:** PRC Section 2207(d)(2)(A) requires a reporting fee schedule to be established on an equitable basis reflecting the size and type of the operation. The SMGB must consider: total assessed value of the operation, total acreage disturbed, and acreage subject to the reclamation plan. The SMGB is not restricted from considering other issues such as mineral production.

PRC Section 2207(d)(3) outlines the amount of revenue to be generated by the fee schedule. The fee schedule must provide for the collection of the amount specified in the Governor's Budget for the Department of Conservation's (Department) costs in implementing PRC Sections 2207 and SMARA. The total revenue generated by the reporting fees shall not exceed, and may be less than, \$3,500,000. This amount shall be adjusted for the cost of living beginning with the 2006-2007 Fiscal Year (FY) and annually thereafter. Further, if the Director of the Department determines that the revenue collected in the preceding FY was greater or lesser than the cost to implement SMARA and PRC Section 2207, the SMGB shall adjust the fees to compensate for the over or under-collection of revenues.

PRC Section 2207(d)(4) requires the reporting fees to be deposited in the Mine Reclamation Account, and to be used to carry out the provisions of SMARA and PRC Section 2207. In addition, this subdivision provides for additional reporting fees on gold and silver production, which are to be collected by the SMGB and deposited into a special Abandoned Mine Reclamation and Minerals Fund Subaccount. Monies in this Subaccount may only be used to implement SMARA Sections 2796.5 and 2797, and used to remediate or complete remediation of abandoned surface mined lands.



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PRC Section 2207(d)(5) authorizes the assessment of a penalty on surface mining operations for late payment of annual reporting fees. It also requires new mining operations to submit an annual reporting fee according to the fee schedule adopted by the SMGB.

**EXECUTIVE OFFICER'S RECOMMENDATION:** The Department of Conservation, Office of Mine Reclamation's (OMR) report was not available at the time this report was prepared, and thus no recommendation is offered at this time.

Respectfully submitted:

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Stephen M. Testa  
Executive Officer

